



2. As explained in the attached Memorandum, the sole beneficiaries of Plaintiff are banks and bondholders that made loans to Idearc in 2006 for the express purpose of financing Idearc's acquisition of Verizon's yellow pages business. Yet, now, after those payments occurred exactly as those financial institutions directed, Plaintiff has sued Verizon for receiving those payments, contending that they were "fraudulent transfers" that should be returned to the very banks and bondholders that insisted that the payments be made to Verizon in the first place.

3. Those claims fail as a matter of law. Fraudulent transfer law is designed to protect innocent creditors from transfers of property made by their debtor that make unavailable assets those creditors expected to look to for repayment. Here, however, Idearc's banks and bondholders never expected to look to the proceeds of their own loans for repayment. To the contrary, they entered into loan agreements with Idearc that *required* Idearc to use their loans to pay Verizon for the yellow pages business. They did so precisely to ensure that Idearc would use the money to acquire the assets that they *did* look to for their repayment—the yellow pages business.

4. Having knowingly and willingly participated in these transactions, the same financial institutions cannot use fraudulent transfer law to undo them. As shown in the attached Memorandum, it is settled law that a transfer made by a debtor cannot be avoided and recovered by, or through a trust for the benefit of, a creditor that consented to that transfer. This rule of law forecloses Plaintiff's fraudulent transfer claims.

5. Accordingly, Verizon requests that this Court dismiss Counts 1, 2, 5 and 7 with prejudice. If argument on this Motion would be helpful to the Court, Verizon is available at the Court's convenience.

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### CERTIFICATE OF SERVICE

I hereby certify that all counsel of record who are deemed to have consented to electronic service are being served with a copy of the foregoing document via the Court's CM/ECF system pursuant to the Court's Local Rules this 21st day of March, 2012. All other counsel will be served by United States mail, certified mail/return receipt requested.

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